

STATE OF HAWAII
CONTRACT FOR GOODS OR SERVICES
BASED UPON
COMPETITIVE SEALED BIDS

PSD 07-ID/MFDC-04

This Contract, executed on the respective dates indicated below, is effective as of
November 6, 2006, between Department of Public Safety,
(Insert name of state department, agency, board or commission)
 State of Hawaii ("STATE"), by its Interim Director,
(Insert title of person signing for State)

(hereafter also referred to as the HEAD OF THE PURCHASING AGENCY or designee ("HOPA")),
 whose address is 919 Ala Moana Boulevard, Room 400, Honolulu, Hawaii 96814

Trans Executive Airlines of Hawaii, Inc.
 and dba Interisland Airways
 ("CONTRACTOR"), a Corporation
(Insert corporation, partnership, joint venture, sole proprietorship, or other legal form of the Contractor)

under the laws of the State of Hawaii, whose business address and federal
 and state taxpayer identification numbers are as follows: 100 Iolana Place, Honolulu, Hawaii 96819
 FEIN: _____; HIGET: W _____

RECITALS

A. The STATE desires to retain and engage the CONTRACTOR to provide the goods or services, or both, described in this Contract and its attachments, and the CONTRACTOR is agreeable to providing said goods or services, or both.

B. The STATE has issued an invitation for competitive sealed bids, and has received and reviewed bids submitted in response to the invitation.

C. The solicitation for bids and the selection of the CONTRACTOR were made in accordance with section 103D-302, Hawaii Revised Statutes ("HRS"), Hawaii Administrative Rules, Title 3, Department of Accounting and General Services, Subtitle 11 ("HAR"), Chapter 122, Subchapter 5, and applicable procedures established by the appropriate Chief Procurement Officer ("CPO").

D. The CONTRACTOR has been identified as the lowest responsible and responsive bidder whose bid meets the requirements and criteria set forth in the invitation.

E. Pursuant to HRS, Chapter 353C-2, the STATE
(Legal authority to enter into this Contract)
 is authorized to enter into this Contract.

F. Money is available to fund this Contract pursuant to:

(1) Act 160, SLH 2006
(Identify state sources)
 or (2) _____
(Identify federal sources)

or both, in the following amounts: State \$ _____
 Federal \$ _____
for the total amount of each purchase order issued against this contract for the actual number of round trips flights at the quoted bid price per Exhibit B, and any other flight not specified on Offer Form page OF-2 at the quoted hourly price.

NOW, THEREFORE, in consideration of the promises contained in this Contract, the STATE and the CONTRACTOR agree as follows:

1. Scope of Services. The CONTRACTOR shall, in a proper and satisfactory manner as determined by the STATE, provide all the goods or services, or both, set forth in the Invitation for Bids number PSD07ID/MFDC04 ("IFB") and the CONTRACTOR'S accepted bid ("Bid"), both of which, even if not physically attached to this Contract, are made a part of this Contract.

2. Compensation. The CONTRACTOR shall be compensated for goods supplied or services performed, or both, under this Contract in a total amount not to exceed

Y903 3111

Not Applicable

DOLLARS

(\$ Not Applicable), including approved costs incurred and taxes, at the time and in the manner set forth in the IFB and CONTRACTOR'S Bid.

3. Time of Performance. The services or goods required of the CONTRACTOR under this Contract shall be performed and completed in accordance with the Time of Performance set forth in Attachment-S3, which is made a part of this Contract.

4. Bonds. The CONTRACTOR ☐ is required to provide or ☒ is not required to provide: ☐ a performance bond, ☐ a payment bond, ☐ a performance and payment bond in the amount of Not Applicable DOLLARS (\$ N/A).

5. Standards of Conduct Declaration. The Standards of Conduct Declaration of the CONTRACTOR is attached to and made a part of this Contract.

6. Other Terms and Conditions. The General Conditions and any Special Conditions are attached to and made a part of this Contract. In the event of a conflict between the General Conditions and the Special Conditions, the Special Conditions shall control. In the event of a conflict among the documents, the order of precedence shall be as follows: (1) this Contract, including all attachments and addenda; (2) the IFB, including all attachments and addenda; and (3) the CONTRACTOR'S Bid.

7. Liquidated Damages. Liquidated damages shall be assessed in the amount of actual cost incurred as a result of the delay as per Section 9 of the General Conditions DOLLARS (\$ actual cost) per day, in accordance with the terms of paragraph 9 of the General Conditions.

8. Notices. Any written notice required to be given by a party to this Contract shall be (a) delivered personally, or (b) sent by United States first class mail, postage prepaid. Notice to the STATE shall be sent to the HOPA'S address indicated in the Contract. Notice to the CONTRACTOR shall be sent to the CONTRACTOR'S address indicated in the Contract. A notice shall be deemed to have been received three (3) days after mailing or at the time of actual receipt, whichever is earlier. The CONTRACTOR is responsible for notifying the STATE in writing of any change of address.

IN VIEW OF THE ABOVE, the parties execute this Contract by their signatures, on the dates below, to be effective as of the date first above written.

STATE

Iwalani D. White

(Signature)

Iwalani D. White

(Print Name)

Interim Director

(Print Title)

November 6, 2006

(Date)

CONTRACTOR

Trans Executive Airlines of Hawaii, Inc.
dba Interisland Airways

(Name of Contractor)

[Signature]

(Signature)

TEIMOUR RIATTI

(Print Name)

PRESIDENT

(Print Title)

10-25-06

(Date)

CORPORATE SEAL

(If available)

APPROVED AS TO FORM:

[Signature]
Deputy Attorney General

* Evidence of authority of the CONTRACTOR'S representative to sign this Contract for the CONTRACTOR must be attached.



STATE OF HAWAII

CONTRACTOR'S ACKNOWLEDGMENT

STATE OF Hawaii)
) SS.
City COUNTY OF Honolulu)

On this 25th day of Oct., 2006 before me appeared
Teimour Rishi and , to me
known, to be the person(s) described in and, who, being by me duly sworn, did say that he/she/they is/are
President and Secretary of
Trans Executive Airlines of Hawaii Inc., the
CONTRACTOR named in the foregoing instrument, and that he/she/they is/are authorized to sign said
instrument on behalf of the CONTRACTOR, and acknowledges that he/she/they executed said
instrument as the free act and deed of the CONTRACTOR.

(Notary Seal)

(Signature)

(Print Name)

Notary Public, State of

My commission expires:

Hawaii

6/25/2007

L.S



STATE OF HAWAII
CONTRACTOR'S
STANDARDS OF CONDUCT DECLARATION

For the purposes of this declaration:

"Agency" means and includes the State, the legislature and its committees, all executive departments, boards, commissions, committees, bureaus, offices; and all independent commissions and other establishments of the state government but excluding the courts.

"Controlling interest" means an interest in a business or other undertaking which is sufficient in fact to control, whether the interest is greater or less than fifty per cent (50%).

"Employee" means any nominated, appointed, or elected officer or employee of the State, including members of boards, commissions, and committees, and employees under contract to the State or of the constitutional convention, but excluding legislators, delegates to the constitutional convention, justices, and judges. (Section 84-3, HRS).

On behalf of Trans Executive Airlines of Hawaii, Inc. dba Interisland Airways, CONTRACTOR, the undersigned does declare as follows:

1. CONTRACTOR ☐ is ☒ is not a legislator or an employee or a business in which a legislator or an employee has a controlling interest. (Section 84-15(a), HRS).
2. CONTRACTOR has not been represented or assisted personally in the matter by an individual who has been an employee of the agency awarding this Contract within the preceding two years and who participated while so employed in the matter with which the Contract is directly concerned. (Section 84-15(b), HRS).
3. CONTRACTOR has not been assisted or represented by a legislator or employee for a fee or other compensation to obtain this Contract and will not be assisted or represented by a legislator or employee for a fee or other compensation in the performance of this Contract, if the legislator or employee had been involved in the development or award of the Contract. (Section 84-14 (d), HRS).
4. CONTRACTOR has not been represented on matters related to this Contract, for a fee or other consideration by an individual who, within the past twelve (12) months, has been an agency employee, or in the case of the Legislature, a legislator, and participated while an employee or legislator on matters related to this Contract. (Sections 84-18(b) and (c), HRS).

CONTRACTOR understands that the Contract to which this document is attached is voidable on behalf of the STATE if this Contract was entered into in violation of any provision of chapter 84, Hawaii Revised Statutes, commonly referred to as the Code of Ethics, including the provisions which are the source of the declarations above. Additionally, any fee, compensation, gift, or profit received by any person as a result of a violation of the Code of Ethics may be recovered by the STATE.

CONTRACTOR

By

(Signature)

Print Name

REMOUR RIAHI

Print Title

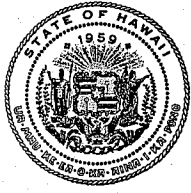
PRESIDENT

Name of Contractor Trans Executive Airlines of Hawaii
Inc., dba Interisland Airways

Date

10-25-06

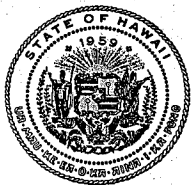
* **Reminder to Agency:** If the "is" block is checked and if the Contract involves goods or services of a value in excess of \$10,000, the Contract must be awarded by competitive sealed bidding under section 103D-302, HRS, or a competitive sealed proposal under section 103D-303, HRS. Otherwise, the Agency may not award the Contract unless it posts a notice of its intent to award it and files a copy of the notice with the State Ethics Commission. (Section 84-15(a), HRS).



STATE OF HAWAII

SCOPE OF SERVICES

The Contractor shall furnish Chartered Inter-Island Air Transport for The Transporting of passengers, Statewide for the Department of Public Safety, Mainland/FDC Branch in accordance with the attached addenda, Specifications, Special Provisions, and the General Conditions Form AG-008 Rev. (11/15/05) for invitation for bids number PSD 07-ID/MFDC-04.



STATE OF HAWAII

COMPENSATION AND PAYMENT SCHEDULE

COMPENSATION

For services provided herein the contractor shall be compensated at the quoted round trip rates below:

Item 1	POINT-TO-POINT	Honolulu/Lihue/Honolulu	\$ 6,500.00	round trip
Item 2	POINT-TO-POINT	Honolulu/Kahului/Honolulu	\$ 6,500.00	round trip
Item 3	POINT-TO-POINT	Honolulu/Hilo/Honolulu	\$ 8,900.00	round trip
Item 4	POINT-TO-POINT	Honolulu/Kona/Honolulu	\$ 8,400.00	round trip
Item 5	POINT-TO-POINT	Kahului/Honolulu/Kahului	\$10,800.00	round trip
Item 6	POINT-TO-POINT	Hilo/Honolulu/Hilo	\$12,900.00	round trip
Item 7	POINT-TO-POINT	Hilo/Kahului/Hilo	\$10,800.00	round trip
Item 8	POINT-TO-POINT	Hilo/Lihue/Hilo	\$21,600.00	round trip
Item 9	POINT-TO-POINT	Honolulu/Kahului/Hilo/Honolulu	\$ 9,200.00	round trip
Item 10	POINT-TO-POINT	Hilo/Kahului/Honolulu/Hilo	\$12,500.00	round trip
Item 11	PRICE PER HOUR For Flights Other Than Listed Above			
	\$1,050.00	per 15 minutes x 4	=	\$4,200.00 per hour

INVOICING

Contractor shall send monthly invoices, original to the Contract Administrator:

Mr. Howard Komori
Department of Public Safety
Mainland/FDC Branch
919 Ala Moana Blvd., 4th Flr
Honolulu, Hawaii 96814

Invoices shall list each Point to Point flight, the date of the flight and the quoted round trip cost. For flights other than those listed above, the invoice shall detail the departure, arrival and total time of flight rounded to the closest 15 minutes.

Contractor shall reference the contract number or PSD bid number on all invoices for payment.

A tax clearance certificate, not over two (2) months old, with an original green certified copy stamp, must accompany the invoice for final payment on the contract.



STATE OF HAWAII

TIME OF PERFORMANCE

This agreement shall commence on October 1, 2006 or the date specified on the Notice to Proceed, whichever is later, for a twelve month period. Unless terminated, the contract may be extended for not more than three (3) additional twelve (12) month periods without the necessity of rebidding upon mutual agreement in writing, provided that the contract price remains the same or lower than the initial bid price(s).



STATE OF HAWAII

**CERTIFICATE OF EXEMPTION
FROM CIVIL SERVICE****1. By Heads of Departments Delegated by the Director of the Department of Human Resources Development ("DHRD").***

Pursuant to a delegation of the authority by the Director of DHRD, I certify that the services to be provided under this Contract, and the person(s) providing the services under this Contract are exempt from the civil service, pursuant to § 76-16, Hawaii Revised Statutes (HRS).

Iwalani D. White
(Signature)

11-6-06
(Date)

Iwalani D. White
(Print Name)

Interim Director
(Print Title)

* This part of the form may be used by all department heads and the heads of attached agencies to whom the Director of DHRD expressly has delegated authority to certify § 76-16, HRS, civil service exemptions. The specific paragraph(s) of § 76-16, HRS, upon which an exemption is based should be noted in the contract file. If an exemption is based on § 76-16(b)(15), the contract must meet the following conditions:

- (1) It involves the delivery of completed work or product by or during a specific time;
- (2) There is no employee-employer relationship; and
- (3) The authorized funding for the service is from other than the "A" or personal services cost element.

NOTE: Not all attached agencies have received a delegation under § 76-16(b)(15). If in doubt, attached agencies should check with the Director of DHRD prior to certifying an exemption under § 76-16(b)(15). Authority to certify exemptions under §§ 76-16(b)(2), and 76-16(b)(12), HRS, has not been delegated; only the Director of DHRD may certify §§ 76-16(b)(2), and 76-16(b)(12) exemptions.

2. By the Director of DHRD, State of Hawaii.

I certify that the services to be provided under this Contract, and the person(s) providing the services under this Contract are exempt from the civil service, pursuant to § 76-16, HRS.

(Signature)

(Date)

(Print Name)

(Print Title, if designee of the Director of DHRD)

STATE OF HAWAII
DEPARTMENT OF PUBLIC SAFETY
HONOLULU, HAWAII

September 7, 2006

Addendum C
to
IFB No.: PSD 07-ID/MFDC-04
Chartered Inter-Island Air Transport
for
the Transporting of Passengers Statewide

The following are responses to the questions received relating to this solicitation:

Question 1: Current Contractor: 12 month sum.

Response 1: *For FY 06, the total inter-island chartered air transportation was \$170,609.61.*

The bid opening date is changed:

From: September 8, 2006, 2:00 p.m., H.S.T.

TO: September 13, 2006, 2:00 p.m., H.S.T.

STATE OF HAWAII
DEPARTMENT OF PUBLIC SAFETY
HONOLULU, HAWAII

September 2, 2006

Addendum B
to
IFB No.: PSD 07-ID/MFDC-04
Chartered Inter-Island Air Transport
for
the Transporting of Passengers Statewide

The following are responses to the questions received relating to this solicitation:

Question 1: Base: Contractor has a base at Honolulu, however, is not limited to basing the plane there only. Meaning the plane is able to travel to other bases when not under contract.

Response 1: *Scheduling of aircraft is flexible thus base in Honolulu is not necessary, however, contractor must make an effort to accommodate at short notice.*

Question 2: Current Contractor: 12 month sum.

Response 2: Currently gathering the information, an addendum will be issued addressing this question.

Question 3: Aircraft: Are two jets seating 30 equal to one plane seating 30.

Response 3: *Must be 30 seats or more. Any seats less is not acceptable.*

The following changes are made:

1. Special Provisions page SP-3, the references to "Collection Site Locations" shall be changed to "Base Locations."
2. Special Provisions page SP-3, delete paragraph titled "Names of Ph.D's and Technologists", this paragraph is not applicable to this solicitation.

The bid opening date is changed:

From: September 5, 2006, 2:00 p.m., H.S.T.

TO: September 8, 2006, 2:00 p.m., H.S.T.

STATE OF HAWAII
DEPARTMENT OF PUBLIC SAFETY
HONOLULU, HAWAII

AUGUST 28, 2006

Addendum A
to
IFB No.: PSD 07-ID/MFDC-04

**Chartered Inter-Island Air Transport
for
the Transporting of Passengers Statewide**

The following are responses to the questions received relating to this solicitation:

Question 1: The Invitation for Bid document states that there are currently 2 to 3 flights per month that transport staff/officers and their prisoners. Does this proposal replace that existing service or is the proposed flying incremental?

Response 1: *The 2 to 3 flights will replace the existing services.*

Question 2: Is it fair to assume that the proposed flying (whether or not incremental) will also be in the range of 2 - 3 flights per month? If not, please advise the expected frequency of flights.

Response 2: *Past data reflect an average of 2 to 3 flights a month. In some cases the number will fluctuate up to 4 flights in a month.*

Question 3: What level of scheduling flexibility does the State have? For example, if the State schedules a 10am flight, is there some level of flexibility to postpone the flight by 2-5 hours should the contractor make such a request? We generally anticipate meeting the State's schedule but some level of scheduling flexibility would be quite helpful to us.

Response 3: *The State is very flexible to the scheduling of aircraft. We will work with the vendor on dates available. Stand-by time in most cases will be very minimal.*

The bid opening date is changed:

From: August 30, 2006, 2:00 p.m., H.S.T.

TO: September 5, 2006, 2:00 p.m., H.S.T.

STATE OF HAWAII
DEPARTMENT OF PUBLIC SAFETY
INSTITUTIONS DIVISION
HONOLULU, HAWAII

Procurement Notice Date: August 15, 2006

INVITATION FOR BIDS
NO. **PSD 07-ID/MFDC-04**

SEALED BIDS
FOR
FURNISHING

**CHARTERED INTER-ISLAND AIR TRANSPORT
FOR
THE TRANSPORTING OF PASSENGERS, STATEWIDE**

FOR THE
DEPARTMENT OF PUBLIC SAFETY

will be received up to and opened at 2:00 p.m. (HST)
on
August 30, 2006

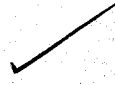
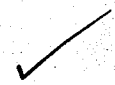
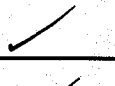
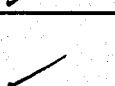

in the Department of Public Safety's Planning, Programming and Budget Office,
919 Ala Moana Boulevard, Room 413, Honolulu, Hawaii, 96814.

Questions relating to this bid solicitation shall be directed to Marc Yamamoto,
Telephone (808) 587-1215, Facsimile (808) 587-1244 or e-mail at
marc.s.yamamoto@hawaii.gov.

Iwalani D. White, Interim Director
Department of Public Safety

INTER ISLAND Airways
Name of Company

OFFER SUBMITTAL CHECKLIST

- | | |
|--|---|
| 1. Offer Form Pages, OF-1 through OF-4 | 
_____ |
| 2. Proof of Insurance, Refer to Special Provisions
Pages, SP-7 through SP-8 | 
_____ |
| 3. Valid Tax Clearance Certificate | 
_____ |
| 4. Certificate of Good Standing | 
_____ |
| 5. LIR #27 – Certificate of Compliance | 
_____ |

Items 3 through 5 refer to Special Provisions pages, SP-4 through SP-6.

Failure to submit the above referenced forms with your bid submittal may result in the rejection of your offer.

PSD 07-ID/MFDC-04
CHARTERED INTER-ISLAND AIR TRANSPORT
FOR
THE TRANSPORTING OF PASSENGERS, STATEWIDE
INSTITUTIONS DIVISION
DEPARTMENT OF PUBLIC SAFETY

Director
Department of Public Safety
State of Hawaii
919 Ala Moana Boulevard
Honolulu, Hawaii 96814

Dear Sir:

The undersigned has carefully read and understands the terms and conditions specified in the Specifications and Special Provisions attached hereto, and in the General Conditions Form AG-008 Rev.(11/15/05), by reference made a part hereof and available upon request; and hereby submits the following offer to perform the work specified herein, all in accordance with the true intent and meaning thereof. The undersigned further understands and agrees that by submitting this offer, 1) he/she is declaring his/her offer is not in violation of Chapter 84, Hawaii Revised Statutes, concerning prohibited State contracts, and 2) he/she is certifying that the price(s) submitted was (were) independently arrived at without collusion.

The undersigned represents: **(Check v one only)**

- ☒ 3. A **Hawaii business** incorporated or organized under the laws of the State of Hawaii; **OR**
☐ 4. A **Compliant Non-Hawaii business** not incorporated or organized under the laws of the State of Hawaii, but registered at the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division to do business in the State of Hawaii.

State of incorporation: _____

Offeror is:

- ☐ Sole Proprietor ☐ Partnership ☒ Corporation ☐ Joint Venture
☐ Other _____

Federal I.D. No.: _____

Hawaii General Excise Tax License I.D. No.: W

Payment address (other than street address below): P.O. Box 29239

City, State, Zip Code: Honolulu HI 96820

Business address (street address): 100 IOLANA PL.

City, State, Zip Code: Honolulu HI 96819

Date: 9-13-2006

Respectfully submitted:

(x)

Authorized (Original) Signature

Telephone No.: (808) 833-5557

TEIMOUR RIAHI PRESIDENT

Fax No.: (808) 833-2636

Name and Title (Please Type or Print)

E-mail Address:
TRANSAIR@AICHA.NET

* INTERISLAND AIRWAYS
Exact Legal Name of Company (Offeror)

*If Offeror is a "dba" or a "division" of a corporation, furnish the exact legal name of the corporation under which the awarded contract will be executed:

TRANS EXECUTIVE AIRLINES OR HAWAII INC.

The following offer is hereby submitted for PSD 07-ID/MFDC-04, furnishing CHARTERED INTER-ISLAND AIR TRANSPORT FOR THE TRANSPORTING OF PASSENGERS, STATEWIDE for the Department of Public Safety, INSTITUTIONS DIVISION as specified herein.

Item 1	POINT-TO-POINT	Honolulu/Lihue/Honolulu	\$ <u>6500</u> round trip
Item 2	POINT-TO-POINT	Honolulu/Kahului/Honolulu	\$ <u>6500</u> round trip
Item 3	POINT-TO-POINT	Honolulu/Hilo/Honolulu	\$ <u>8900</u> round trip
Item 4	POINT-TO-POINT	Honolulu/Kona/Honolulu	\$ <u>8400</u> round trip
Item 5	POINT-TO-POINT	Kahului/Honolulu/Kahului	\$ <u>10800</u> round trip
Item 6	POINT-TO-POINT	Hilo/Honolulu/Hilo	\$ <u>12900</u> round trip
Item 7	POINT-TO-POINT	Hilo/Kahului/Hilo	\$ <u>10800</u> round trip
Item 8	POINT-TO-POINT	Hilo/Lihue/Hilo	\$ <u>21600</u> round trip
Item 9	POINT-TO-POINT	Honolulu/Kahului/Hilo/Honolulu	\$ <u>9200</u> round trip
Item 10	POINT-TO-POINT	Hilo/Kahului/Honolulu/Hilo	\$ <u>12500</u> round trip
Item 11	PRICE PER HOUR For Flights Other Than Listed Above		
	\$ <u>1050</u>	per 15 minutes x 4 =	\$ <u>4200</u> per hour

TOTAL SUM BID \$ 108100

Offeror shall provide the following information:

<u>Year of Aircraft</u>	<u>Manufacturer and Model No.</u>	<u>Total Rated Capacity</u>
<u>1989</u>	<u>BOMBARDIER SHORTS 360</u>	<u>36</u>
<u>1989</u>	<u>BOMBARDIER SHORTS 360</u>	<u>36</u>
_____	_____	_____

ALL AIRCRAFT
RECONFIGURED
TO 30 SEATS
FOR PASSENGER
COMFORT.

Offeror INTER-ISLAND AIRWAYS

OFFEROR SHALL PROVIDE THE FOLLOWING INFORMATION:

A. References. List names and addresses of three (3) government agencies or companies for whom Offeror has provided or is currently providing Chartered Air Transport for Passengers.

1. Agency: TRADE-WIND MANAGEMENT GROUP
Address: P.O. Box 383279 Waikaloa, Hi. 96738
Contact & Telephone No.: MS. NANYA HEIM (808) 883-1600
2. Agency: ALEXANDER & BALDWIN INC. (MS. AMY ABE)
Address: 822 BISHOP ST. Honolulu, Hi. 96813
Contact & Telephone No.: MR. JOHN KELLEY Senior V. Preside (808) 525-6611
3. Agency: DEPT. OF PUBLIC SAFETY
Address: 909 AIA-MOANA BLVD. Honolulu, Hi. 96814
Contact & Telephone No.: MR. HOWARD KOMORI (808) 837-8024

B. Location, hours of operation, contact, of all flight terminal location(s) on the Island of Oahu:

Address	Hours of Operation	Contact/Phone No.
(1) <u>100 IOLANA PL.</u>	<u>24/7</u>	<u>SENA TUNEI (808) 306-8485</u> C.E.I. OFFICE 833-5557
(2) _____	_____	_____
(3) _____	_____	_____

Location, hours of operation, contact, of all flight terminal location(s) on the Island of Hawaii:

Address	Hours of Operation	Contact/Phone No.
(1) <u>COMMUTER AIR TERMINAL</u>	<u>AS NEEDED</u>	<u>PLEASE call Honolulu OFFICE</u>
(2) <u>OR MR. THOMAS HESKETH</u>	_____	<u>808-833-5557</u>
(3) <u>IN KONA 808-330-2930</u>	<u>OR:</u>	<u>1-888-999-9015</u>

Offeror INTERISLAND AIRWAYS

Location, hours of operation, contact, of all flight terminal location(s) on the Island of Maui:

	<u>Address</u>	<u>Hours of Operation</u>	<u>Contact/Phone No.</u>
(1)	COMMUNE AIR TERMINAL	24/7	TRACY REASONER
(2)	KAHULUI AIRPORT		cell (808) 357-5172
(3)			

Location, hours of operation, contact, of all flight terminal location(s) on the Island of Kauai:

	<u>Address</u>	<u>Hours of Operation</u>	<u>Contact/Phone No.</u>
(1)	COMMUNE AIR TERMINAL	24/7	EVANGELOS LEFTHERIOTIS
(2)	LITTLE AIRPORT		cell (808) 639-3004
(3)			OFFICE (808) 245-4902

C. Insurance Coverage. Commercial General Liability Insurance will be provided by:

Name of Insurance Company: AIG AVIATION
Policy Number: FG1855369-01

Policy Period: AUGUST 11, 2006 TO AUGUST 11, 2007

Medical Professional Liability Insurance will be provided by:

Name of Insurance Company: N/A
Policy Number: N/A
Policy Period: N/A

Offer is submitted by: INTERISLAND AIRWAYS
(Name of Company)

TEIMOUR R. IDHI
(Contact person)

808-833-5557
Telephone Number

808-833-2636
Fax Number

Offeror INTERISLAND AIRWAYS

WAGE CERTIFICATE
(For Service Contracts)

Subject: IFB/RFQ No.: PSD 07-ID/MFDC-04

Title of IFB/RFQ: Chartered Inter-Island Air Transport for the
Transportation of Inmates, Statewide

(To be completed by offeror)

Pursuant to Section 103-55, Hawaii Revised Statutes (HRS), I certify that if awarded the contract in excess of \$25,000, the services to be performed will be performed under the following conditions:

1. The services to be rendered shall be performed by employees paid at wages or salaries not less than the wages paid to public officers and employees for similar work, with the exception of managerial, supervisory, and clerical personnel who are not covered by Section 103-55, HRS; and
2. All applicable laws of the federal and state governments relating to workers' compensation, unemployment compensation, payment of wages, and safety will be fully complied with.

I understand that failure to comply with the above conditions during the period of the contract shall result in cancellation of the contract, unless such noncompliance is corrected within a reasonable period as determined by the procurement officer. Payment in the final settlement of the contract or the release of bonds, if applicable, or both shall not be made unless the procurement officer has determined that the noncompliance has been corrected; and

I further understand that all payments required by Federal and State laws to be made by employers for the benefit of their employees are to be paid in addition to the base wage required by section 103-55, HRS.

Offeror Interisland Airways
Signature [Signature]
Title PRESIDENT
Date 9-1-2006

WAGE CERTIFICATE

SPECIFICATIONS

SCOPE

This Invitation for Bids (IFB) is intended to establish contract to provide point-to-point aircraft charter services for transport of passengers, which will be comprised of Department of Public Safety staff/officers and their prisoners, on an as-needed basis for the Department of Public Safety.

Currently there are an estimated two to three flights per month, one flight each to Kauai, Maui and Hawaii (Hilo). The average passenger count per flight is 23 – inmates and 7 – officers.

SERVICE AREA: The State will require services between the following locations:

Honolulu – Lihue, Kauai	Hilo, Hawaii - Honolulu
Honolulu – Kahului, Maui	Hilo, Hawaii – Kahului, Maui
Honolulu – Hilo, Hawaii	Hilo, Hawaii – Kahului, Maui - Honolulu
Honolulu – Kona, Hawaii	Honolulu – Kahului, Maui – Hilo, Hawaii

All trips are considered round-trip.

BASE LOCATION: Contractor must provide a base airport facility located on the south ramp of the Honolulu International Airport. Loading/unloading of aircraft must be done at the south ramp location. Contractor must have private and own access to the tarmac from the south ramp facility for the Public Safety vehicles to drive onto the tarmac to off/on load the prisoners onto the aircraft.

1. Permits and Responsibilities:

- A. Contractor will, without additional expenses to the state, be responsible for obtaining necessary licenses and permits for complying with applicable Federal, state, and local laws, codes and regulations in connection with contract performance pursuant to an Order of Service.
- B. The contractor must insure that all employees engaged in the performance of this contract are thoroughly familiar with its requirements
- C. The contractor must be certified under CFR 49 part 135, and must possess an Air Carrier Certificate to include operations specifications issued by the Federal Aviation Administration with authorization for carrying passengers under Day and Night VFR and IFR Flight Rules.

2. Maintenance and Repair:

- A. Unless otherwise provided in this RFP, the aircraft must be fully maintained by the Contractor in accordance with the manufacturer's recommendations and FAR 135.411. All 'time change' components, including engines, will be replaced in accordance with the manufacturer's recommendations. The contractor will provide appropriate maintenance facilities, replacement parts, special tools, publications and personnel required to support the aircraft at the designated

base during extended periods of heavy use, regardless of the amount or frequency of hours flown.

- B. All applicable manufacturer's mandatory service bulletins, service letters, and FAA Airworthiness Directives must be complied with prior to performance on the contract. Mandatory bulletins, service letters, and Airworthiness Directives published during the contract period will be complied with in accordance with the individual bulletin, service letter or directives.
- C. Any maintenance deficiencies existing prior to the contract must be corrected before the starting date of the contract. Those deficiencies occurring during the contract period must be corrected in accordance with all applicable FAR's to include FAR 135.411
- D. The contractor must ensure that all maintenance performed on omitted aircraft is recorded in the affected aircraft's maintenance record in accordance with FAR 43.9, FAR 43.11 and FAR 91.173 as well as applicable FAR part 135 rules and regulations
- E. A copy of the aircraft's current maintenance record, containing as a minimum the information required by FAR 91.173 must be kept at the designated base.
- F. The contractor must maintain the aircraft in an airworthy condition, including engine propellers and airframe repairs, annual and 100 hour inspections, omitted, and equipment checks for IFR operation all in accordance with the applicable FAR's part 91 and 135 rules and regulations
- G. A state inspection which indicates negligence in compliance with sub paragraphs A through F of 'AIRCRAFT MAINTENANCE' requirements will cause the state to hold the contractor in default.
- H. Miscellaneous charges for goods and services furnished by the state, not otherwise provided herein, will be deducted from the amount due the contractor.

3. Flight Operation and Requirements:

- A. The contractor, while conducting official flights for the State of Hawaii, must adhere to their FAA Parts 135 Operational Specifications and all operations/flights must be conducted under FAR Part 135 rules and regulations.

B. STAND-BY TIME

- 1.) The state will be allowed two hours of standby time to load and unload the aircraft at no additional cost to the State. Standby time will not be earned for stops involving any needed break involving the pilot or crew, taxi time, fuel stops, or acts of God, such as weather, which prevent the continuation of the flight. Standby time will be calculated to the nearest quarter hour beginning after the second hour of ground time. Standby time will be paid up to a maximum of 4 hours per 24 hour period.

C. Fuel and Oil:

- 1.) All aircraft to be supplied at "Wet" rate. With fuel and oil included.

4. AIRCRAFT AVAILABILITY

- A. During the contracted period, flights may be required any day & time of the week. The state reserves the option of aircraft selection. Contractor must

furnish PSD a contact telephone number for flight scheduling after contractor's normal working hours. The contractor shall be given at least forty-eight (48) hours prior notice when service is required. Five occurrences of unavailability within the contract period constitute ground for default of the contract.

- B. The state may request flight on shorter notice (less than 48 hours) however; no penalty will be exercised for contractor-denied flights when the state has submitted its request less than 48 hours in advance of the estimated time of departure.

The schedule of operations will be planned by the state with the cooperation of the contractor's representative. The contractor must agree to designate, in writing, the person or persons to represent the contractor for the purpose of planning operations with the state.

4. AIRCRAFT SPECIFICATIONS

- A. Must have minimum thirty passenger seats and certified for two pilots.
- B. Aircraft must be equipped in accordance with FAA regulations for VFR and IFR flight.
- C. Aircraft must be equipped with an operable Weather Radar

All aircraft must possess a standard airworthiness certificate, current annual, camp, or other manufacturer and/or FAA Approved Inspection Program and be certified in general or transport category. The paint, upholstery and plexiglass must present a neat and clean appearance. All aircraft must be equipped with sufficient survival equipment in accordance with all FAA requirements.

INSPECTION: Equipment offered for charter may be subject to inspection and approval by the State prior to the award of the IFB. The equipment and attachments must be in good repair and capable of performing the work for which they were designed.

ALTERATIONS: The contractor must obtain the written approval from the contracting officer prior to making any alterations to the specifications contained in this IFB. The State will not pay for alterations that are not approved in advance and in writing by the contracting officer.

CANCELLATION: The State may cancel a scheduled charter at no cost to the State. The contractor may cancel a scheduled charter for weather conditions, mechanical failure or for other conditions at the discretion of the pilot.

In the event a scheduled flight must be cancelled, the contractor must be prepared to fulfill the terms of this contract as soon as conditions permit, at no additional cost to the state. For conditions not related to weather, the State at its option, may contact another carrier for service.

UNAVAILABILITY: If an aircraft is rendered inactive for reasons including, but not limited to, delivery delays, maintenance or FAA airworthy directive, the contractor may furnish a State approved substitute aircraft as long as it meets the specifications of the contract and is offered at the same cost as the original aircraft.

LOADING AND UNLOADING: For any accompanying cargo, the contractor must provide all necessary equipment and personnel suitable for loading and unloading including but not limited to airport certified Drivers, Tugs, Baggage carts and Belt loaders. For the purpose of loading and unloading there also must be a minimum of two loading agents provided. The contractor is responsible for loading and unloading the cargo. The State shall be responsible for delivering the cargo as close to the loading area as permitted. The contractor is responsible for unloading the cargo as close to the pick-up point as the location permits.

HAWAII STATE LAWS: The contractor(s) must comply with all applicable state laws during the term of any contract(s) resulting from this IFB.

INCIDENT REPORT: Any aircraft accident involving an aircraft operated under the contract established from this IFB shall be reported by the contractor to the Contracting Officer within 15 days of the accident. Failure to report the accident may cause the State to cancel the contract. For the purposes of the contract(s) resulting from this IFB, Aircraft accident means death or serious injury as a result of being on or in contact with the aircraft, the aircraft receives substantial damage as defined by the NTSB, flight control system malfunction or failure, inability of a required flight crewmember to perform duties as a result of injury or illness, engine failures, aircraft collision or air craft disappearance.

SPECIAL PROVISIONS

SCOPE

The furnishing of Chartered Inter-Island Air Transport for The Transporting of passengers, Statewide for the Department of Public Safety, Mainland/FDC Branch shall be in accordance with these Special Provisions, the attached Specifications, and the General Conditions Form AG-008 Rev. (11/15/05) by reference made a part hereof and available at the PPB-PC and on the internet at <http://www4.hawaii.gov/StateFormsFiles/ag008.doc>.

CONTRACT ADMINISTRATOR

For the overall purposes of this contract, Ms. Shari Kimoto, Division Administrator for the Department of Public Safety, Mainland/FDC Branch or her authorized representative is designated the Contract Administrator. Ms. Kimoto may be contacted at (808) 837-8020.

TERM OF CONTRACT

Contractor shall enter into a contract for Chartered Inter-Island Air Transport for the Transporting of Passengers, Statewide for the twelve-month period commencing on the date of the Notice to Proceed.

Unless terminated, the contract may be extended for not more than three (3) additional twelve (12) month periods without the necessity of rebidding upon mutual agreement in writing, provided that the contract price remains the same or lower than the initial bid price(s).

OFFEROR QUALIFICATION

PILOT REQUIREMENTS

The pilot is responsible for the operation of aircraft. The pilot may refuse to perform in situations which, in the pilot's opinion, exceed the pilot's ability, capability of the aircraft, or violate FAA regulations.

The best available weather data shall be obtained and evaluated prior to filing flight plans.

Flight plans shall be filed utilizing FAA communications facilities, where available. If FAA facilities are not available, flight plans shall be filed through the using agency facilities or by leaving a detailed flight plan with the charter operator, field camp or point of take off.

The pilot shall not permit any passenger to ride in the aircraft or any cargo to be loaded therein unless authorized by the State of Hawaii. Pilots while operating under this Contract may not engage in transporting private passengers.

The flight and duty time limitations are to meet FAR part 91 and 135 regulations and all other pertinent FAR's.

1. Contractor's pilot used under this contract must possess an ATP multi-engine rating with an appropriate Type Rating and a First Class flight physical.
2. All pilots must maintain requirements of FAR 61.57 and meet the requirements contained in FAR Subpart F, Airline Transport Pilot 61.151 thru 61.157.

SUBSTITUTE AIRCRAFT

Substitute aircraft will be considered by the State when the contractor's primary aircraft is unavailable provided the substitute aircraft and crew meet FAR 135 certification and proficiency standards of the operator's certificate and, the aircraft is a state-approved equivalent. Amount invoiced for a substitute aircraft will be at the same contract rate (point-to-point) as the primary aircraft.

RESPONSIBILITY OF OFFERORS

Offeror is advised that if awarded a contract under this solicitation, Offeror shall, upon award of the contract, furnish proof of compliance with the requirements of Section 3-122-112, Hawaii Administrative Rules (HAR). Due to the immediacy of the start date, it is recommended that offeror submit the following compliance documents with their offer submittal.

1. Chapter 237, tax clearance;
2. Chapter 383, unemployment insurance;
3. Chapter 386, workers' compensation;
4. Chapter 392, temporary disability insurance;
5. Chapter 393, prepaid health care; and
6. One of the following:
 - a. Be registered and incorporated or organized under the laws of the State (hereinafter referred to as a "Hawaii business"); or
 - b. Be registered to do business in the State (hereinafter referred to as a "compliant non-Hawaii business").

CAMPAIGN CONTRIBUTIONS BY STATE AND COUNTY CONTRACTORS

Contractors are hereby notified of the applicability of Section 11-205.5, HRS, which states that campaign contributions are prohibited from specified State or county government contractors during the term of the contract if the contractors are paid with funds appropriated by a legislative body.

OFFER PREPARATION

Offer Form, Page OF-1. Offeror is requested to submit its offer using Offeror's exact legal name as registered at the Department of Commerce and Consumer Affairs, if applicable, and to indicate the exact legal name in the appropriate space(s) on Offer Form, page OF-1. Failure to do so may delay proper execution of the contract.

Offeror's authorized signature shall be an original signature in ink. If Offer Form, page OF-1, is unsigned or the affixed signature is a facsimile or a photocopy, the offer shall

be automatically rejected unless accompanied by other material which contains an original signature indicating the Offeror's intent to be bound.

Hawaii General Excise Tax License. Offeror shall submit his current Hawaii General Excise Tax I.D. number in the space provided on Offer Form, page OF-1, thereby attesting that he is doing business in the State and that he will pay such taxes on all sales made to the State.

Bid Price. Unit bid prices quoted shall include all costs to be incurred in providing the services specified herein, including applicable taxes. Accordingly, the unit bid prices shall be the all-inclusive cost to the State and no other charges will be honored.

Multiple or Alternate Offers. Multiple or alternate offers are not allowed and shall be rejected.

Tax Liability. A vendor doing business in the State of Hawaii, as evidenced by its Hawaii General Excise Tax (GET) license number, is liable for the Hawaii GET, currently 4%. If, however, an Offeror is exempt by the Hawaii Revised Statutes (HRS) from paying the GET and therefore not liable for the taxes on this solicitation, Offeror shall state its tax exempt status and cite the HRS chapter or section allowing the exemption.

Taxpayer Preference. For evaluation purposes, pursuant to Section 103-53.5, HRS, as amended, the bid price submitted by an Offeror not liable for the GET under this solicitation, shall be increased by the current rate of the GET. Under no circumstance shall the dollar amount of the award include the aforementioned adjustment.

Insurance. Offeror shall provide insurance information, as requested on the appropriate Offer Form, page.

References. Offeror shall list on the appropriate Offer Form page(s) at least three references for whom he/she has performed subject services and who can, if necessary, attest to his/her performance. The State reserves the right to contact the references to inquire about Offeror's current or past service performance.

Collection Site Locations. Offeror shall provide on the appropriate Offer Form page information regarding the Offeror's collection site locations, hours of operation, point of contact and telephone number.

Names of Ph.D.s, and Technologists. Offeror shall list on the appropriate Offer Form page a minimum, two (2) names of Ph.D.s and two (2) names of technologists. Any proposed changes, reassignments, or substitutions on this list during the contract performance period shall be submitted to the Department Coordinator for approval.

Wage Certificate. Offeror shall complete and submit the attached wage certification by which Offeror certifies that the services required shall be performed pursuant to Section 103-55, HRS.

QUANTITIES

Quantities listed herein are estimates for the 12-month period specified. No guarantee to purchase the exact amount listed is intended or implied.

The State shall have the right to purchase smaller or larger quantities at the prices quoted herein. In the event the estimated requirements do not materialize in the exact quantities listed, such failure shall not constitute grounds for equitable adjustment under this contract.

OFFER SUBMITTAL

Offeror shall submit the offer in a sealed envelope identified with the following information:

Offeror's name, address, and telephone number
The words, "INVITATION FOR BIDS"
The Invitation for Bids number and title
The Date and Time of the bid opening,
Attention: Purchasing and Contracts

FAXED DOCUMENTS

Faxed documents **shall not** be accepted.

OFFER INSPECTION

At the bid opening, all offers may be inspected provided that only one offer be inspected at a time and that no offers shall be permitted to leave the bid opening room.

After the formal procedure of opening offers, all offers will be evaluated for award recommendation. During this period, offers will not be available for inspection.

METHOD OF AWARD

Award, if any, for the Group (Item Nos. 1 through 11) shall be to the qualified responsive and responsible Offeror submitting the lowest Total Sum Bid. Offerors must bid on all items in the Group (Item Nos. 1 through 11) to be considered for award.

The solicitation may be canceled or the offers may be rejected, in whole or in part, when it is in the best interest of the Department of Public Safety, as provided in Sections 3-122-95 through 3-122-97, Hawaii Administrative Rules (HAR).

Responsibility of Lowest Responsive Bidder. Reference §3-122-112, HAR, Responsibility of Offerors. If compliance documents have not been submitted to the PPB-PC prior to award, the lowest responsive offeror shall produce documents to the procurement officer to demonstrate compliance with this section.

HRS Chapter 237 tax clearance requirement for award. Instructions are as follows:

Pursuant to §103D-328, HRS, lowest responsive offeror shall be required to submit a tax clearance certificate issued by the Hawaii State Department of Taxation (DOTAX) and the Internal Revenue Service (IRS). The certificate shall have an original green certified copy stamp and shall be valid for six (6) months from the most recent approval stamp date on the certificate. It must be valid on the date it is received by the PPB-PC.

The tax clearance certificate shall be obtained on the State of Hawaii, DOTAX TAX CLEARANCE APPLICATION Form A-6 (Rev. 2003) which is available at the DOTAX and IRS offices in the State of Hawaii or the DOTAX website, and by mail or fax:

DOTAX Website (Forms & Information): http://www.state.hi.us/tax/a1_1alphalist.htm
DOTAX Forms by Fax/Mail: (808) 587-7572
1-800-222-7572

Completed tax clearance applications may be mailed, faxed, or submitted in person to the Department of Taxation, Taxpayer Services Branch, to the address listed on the application. Facsimile numbers are:

DOTAX: (808) 587-1488
IRS: (808) 539-1573

The application for the clearance is the responsibility of the Offeror, and must be submitted directly to the DOTAX or IRS and not to the PPB-PC. However, the tax clearance certificate shall be submitted to the PPB-PC.

HRS Chapters 383 (Unemployment Insurance), 386 (Workers' Compensation), 392 (Temporary Disability Insurance), and 393 (Prepaid Health Care) requirements for award. Instructions are as follows:

Pursuant to §103D-310(c), HRS, the lowest responsive offeror shall be required to submit a certificate of compliance issued by the Hawaii State Department of Labor and Industrial Relations (DLIR). The certificate is valid for six (6) months from the date of issue and must be valid on the date it is received by the PPB-PC. A photocopy of the certificate is acceptable to the PPB-PC.

The certificate of compliance shall be obtained on the State of Hawaii, DLIR APPLICATION FOR CERTIFICATE OF COMPLIANCE WITH SECTION 3-122-112, HAR, Form LIR#27 which is available at <http://hawaii.gov/labor/formsall.shtml> or at the neighbor island DLIR District Offices. The DLIR will return the form to the Offeror who in turn shall submit it to the PPB-PC.

The application for the certificate is the responsibility of the offeror, and must be submitted directly to the DLIR and not to the PPB-PC. However, the certificate shall be submitted to the PPB-PC.

Compliance with Section 103D-310(c)(1) and (2), HRS. Pursuant to section 3-122-112, HAR, the lowest responsive offeror shall be required to submit a CERTIFICATE OF GOOD STANDING (Certificate) issued by the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division (BREG). The Certificate is valid for six months from date of issue and must be valid on the date it is received by the PPB-PC. A photocopy of the certificate is acceptable to the PPB-PC.

To obtain the Certificate, the Offeror must first be registered with the BREG. A sole proprietorship, however, is not required to register with the BREG, and therefore not required to submit the certificate.

On-line business registration and the Certificate are available at www.BusinessRegistrations.com. To register or to obtain the Certificate by phone, call (808) 586-2727 (M-F 7:45 to 4:30 HST). Offerors are advised that there are costs associated with registering and obtaining the Certificate.

Hawaii Compliance Express. Alternately, instead of separately applying for these certificates at the various state agencies, vendors may choose to use the Hawaii Compliance Express (HCE), which allows businesses to register online through a simple wizard interface at <http://vendors.ehawaii.gov> to acquire a "Certificate of Vendor Compliance." The HCE provides current compliance status as of the issuance date. The "Certificate of Vendor Compliance" indicating that vendor's status is compliant with the requirements of Chapter 103D-310(c), HRS, shall be accepted for both contracting purposes and final payment. Vendors that elect to use the new HCE services will be required to pay an annual fee of \$15.00 to the Hawaii Information Consortium, LLC (HIC). Vendors choosing not to participate in the HCE program will be required to provide the paper certificates as instructed in the sections previous to this one.

Timely Submission of all Certificates. The above certificates should be applied for and submitted to the PPB-PC as soon as possible. If a valid certificate is not submitted on a timely basis for award of a contract, an offer otherwise responsive and responsible may not receive the award.

Final Payment Requirements. Contractor is required to submit a tax clearance certificate for final payment on the contract. A tax clearance certificate, not over two months old, with an original green certified copy stamp, must accompany the invoice for final payment on the contract.

In addition to the tax clearance certificate, an original "Certification of Compliance for Final Payment" (SPO Form-22), attached, will be required for final payment. A copy of the Form is also available at www.spo.hawaii.gov. Select "Forms for Vendors/Contractors" from the Hawaii Public Procurement Code, Chapter 103D, HRS, menu.

DISQUALIFICATION OF OFFERORS

An Offeror shall be disqualified and his offer automatically rejected for any one or more of the following reasons: proof of collusion, in which case, all offers involved in the collusive action will be rejected and any participant to such collusion shall be barred from future solicitations until reinstated; Offeror's lack of responsibility and cooperation as shown by past work or services; Offeror's being in arrears on existing contracts with the State or having defaulted on previous contracts; Offeror's lack of proper equipment and/or sufficient experience to perform the work contemplated; Offeror does not possess proper license to cover the type of work contemplated, if required; Offeror's delivery of the offer after the deadline specified in the public notice calling for offers, or as amended, except as allowed in Section 3-122-29(1), HAR; or Offeror's failure to pay, or satisfactorily settle, all bills overdue for labor and material on former State contracts at the time of issuance of the solicitation.

OFFER ACCEPTANCE

The State's acceptance of an offer, if any, will be made within sixty (60) calendar days after the opening of offers, and the prices quoted by the Offeror shall remain firm for the sixty (60) day period.

CONTRACT EXECUTION

Offeror receiving an award shall be required to enter into a formal written contract. A performance and payment bond is not required.

Any agreement arising out of this offer is subject to the approval of the Department of the Attorney General as to form, and to all further approvals, including the approval of the Governor, required by statute, regulation, rule, order, or other directive.

Liability insurance shall be required of the Contractor and if applicable, to all Contractor's subcontractors.

No work is to be undertaken by the Contractor prior the contract commencement date. The State of Hawaii is not liable for any work, costs, expenses, loss of profits, or any damages whatsoever incurred by the Contractor prior to the official starting date.

LIABILITY INSURANCE

The Contractor shall maintain in full force and effect during the life of this contract, liability and property damage insurance to protect the Contractor and his subcontractor's, if any, from claims for damages for personal injury, accidental death and property damage which may arise from operations under this contract, whether such operations be by himself or by a subcontractor or anyone directly or indirectly employed by either of them. If any subcontractor is involved in the performance of the contract, the insurance policy or policies shall name the subcontractor as additional insured.

As an alternative to the Contractor providing insurance to cover operations performed by a subcontractor and naming the subcontractor as additional insured, Contractor may require subcontractor to provide its own insurance which meets the requirements herein. It is understood that a subcontractor's insurance policy or policies are in addition to the Contractor's own policy or policies.

The following minimum insurance coverage(s) and limit(s) shall be provided by the Contractor, including its subcontractor(s) where appropriate:

Workers' Compensation and Employers' Liability Insurance: The Contractor shall provide and maintain a Workers Compensation and Employers Liability policy, providing statutory Workers' Compensation coverage and Employers' Liability limits of at least \$1,000,000 Each Accident/Policy Limit/Each Employee.

General Liability Insurance: Covering all premises used by and operations conducted by the Contractor in the performance of services under this agreement, including coverage for liability arising out of airport premises and operations and the use of any

auto on airport premises, with minimum coverage limits of \$5,000,000 combined single limit per occurrence.

Commerical Automobile Liability Insurance: Covering all owned, hired and non-owned vehicles used by the Contractor in the performance or services under this agreement, with minimum coverage limits of \$1,000,000 combined single limit per occurrence.

Aircraft Liability Insurance: Covering all owned, hired and non-owned aircraft used by the Contractor in the performance or services under this agreement, with minimum coverage limits of \$30,000,000 Combined Single Limit Including Passengers each Occurrence. Passenger Bodily Injury sub-limits, if any, shall not be less than \$3,000,000 each Person.

Each insurance policy required by this contract, including a subcontractor's policy, shall contain the following clauses:

1. "This insurance shall not be canceled, limited in scope of coverage or non-renewed until after 30 days written notice has been given to the State of Hawaii, Department of Public Safety, Planning, Programming, and Budget Office, 919 Ala Moana Blvd., Room 413, Honolulu, Hawaii 96814."
2. "The State of Hawaii is added as an additional insured as respects to operations performed for the State of Hawaii."
3. "It is agreed that any insurance maintained by the State of Hawaii will apply in excess of, and not contribute with, insurance provided by this policy."

Every policy maintained by the Contractor shall include a waiver of subrogation in favor of the State of Hawaii. Upon Contractor's execution of the contract, the Contractor agrees to deposit with the State of Hawaii, certificate(s) of insurance necessary to satisfy the State that the insurance provisions of this contract have been complied with and to keep such insurance in effect and the certificate(s) there for on deposit with the State during the entire term of this contract, including those of its subcontractor(s), where appropriate. Upon request by the State, Contractor shall be responsible for furnishing a copy of the policy or policies.

Failure of the Contractor to provide and keep in force such insurance shall be regarded as material default under this contract, entitling the State to exercise any or all of the remedies provided in this contract for default of the Contractor.

The procuring of such required insurance shall not be construed to limit the Contractor's liability hereunder nor to fulfill the indemnification provisions and requirements of this contract. Notwithstanding said policy or policies of insurance, Contractor shall be obliged for the full and total amount of any damage, injury, or loss caused by negligence or neglect connected with this contract.

INVOICING

Contractor shall send monthly invoices, original to the Contract Administrator:

Mr. Howard Komori
Department of Public Safety
Mainland/FDC Branch
919 Ala Moana Blvd., 4th Flr
Honolulu, Hawaii 96814

Invoices shall list the client social security number (or approved alternative such as valid State of Hawaii Driver's License identification number, or state identification number), date of the examination, cost of service, and any other pertinent invoicing information.

Contractor shall reference the contract number on all invoices for payment.

A tax clearance certificate, not over two (2) months old, with an original green certified copy stamp, must accompany the invoice for final payment on the contract.

PAYMENT

Section 103-10, HRS, provides that the State shall have thirty (30) calendar days after satisfactory delivery of goods and receipt of invoice to make payment. For this reason, the State will reject any offer submitted with a condition requiring payment within a shorter period. Further, the State will reject any offer submitted with a condition requiring interest payments greater than that allowed by Section 103-10, HRS, as amended.

The State will not recognize any requirement established by the Contractor and communicated to the State after award of the contract, which requires payment within a shorter period or interest payment not in conformance with statute.

No payment, whether partial or final, shall be construed to be an acceptance of a defective or unacceptable product.

LIQUIDATED DAMAGES

Refer to Section 9 of the General Conditions. Liquidated damages for non-performance of the specified services shall be actual cost incurred due to Contractor's non-performance for each and every calendar day the Contractor fails to perform in whole or in part, any of his obligations specified hereunder.

RIGHTS AND REMEDIES FOR DEFAULT

In the event the Contractor fails, refuses or neglects to perform the services in accordance with the requirement of these Special Provisions, the Specifications, and General Conditions herein, in addition to the recourse stated in Section 13 of the General Conditions, the State reserves the right to purchase in the open market, a corresponding quantity of the services specified herein and to deduct from any monies due or that may thereafter become due the Contractor, the difference between the price named in the contract and the actual cost thereof to the State. In case any money due the Contractor is insufficient for said purpose, the Contractor shall pay the difference upon demand by the State. The State may also utilize all other remedies provided by law.